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John R. Monroe
Counsel
State Regulatory Affairs

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GAATLD0704
3065 Akers Mill Rd. S.E., 7th Floor
Atlanta, GA 30339

August 23, 2017

The Honorable Jocelyn G. Boyd
Clerk
South Carolina Public Service Commission
101 Executive Center Dr., Suite 100
Columbia, SC 29210

Re: Virgin Mobile USA L.P. 2015 Lifeline Biennial Report

Dear Ms. Boyd:

Pursuant to 47 C.F.R. section 54.420, Virgin Mobile USA, LP (d/b/a Assurance Wireless) filed its Lifeline biennial audit report with the Federal Communications Commission and the Universal Service Administrative Company dated August 10, 2017.

Consistent with federal regulations, the Company provides herewith a copy of the Final Biennial Audit report.

Thank you for your help.

Sincerely,

John Monroe

Attachment

KPMG LLP
Suite 1000
1000 Walnut Street
Kansas City, MO 64106-2162

Independent Accountants' Report
On Applying Agreed-Upon Procedures

To the Managements of Virgin Mobile USA, LP (d/b/a Assurance Wireless),
(hereinafter referred to as "the Company" or "Virgin Mobile"),
the Universal Service Administrative Company ("USAC"), and
the Federal Communications Commission ("FCC" or "Commission"):

We have performed the procedures enumerated in Attachment A, which were agreed to by the FCC's Wireline Competition Bureau ("Bureau") and Office of Managing Director ("OMD") in the Lifeline Biennial Audit Plan or as otherwise directed by the Bureau,[1] solely to assist you in evaluating Virgin Mobile's compliance with certain regulations and orders governing the Low Income Support Mechanism (also known as the Lifeline Program) of the Universal Service Fund, set forth in 47 C.F.R. Part 54, as well as other program requirements, including any state-mandated Lifeline requirements (collectively, the "Rules") detailed in the Lifeline Biennial Audit Plan for the year ended December 31, 2015. Virgin Mobile's management is responsible for compliance with the Rules. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and by Generally Accepted Government Auditing Standards ("GAGAS") issued by the Government Accountability Office (2011 Revision).[2] The sufficiency of these procedures is solely the responsibility of the Bureau and OMD. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment A either for the purpose for which this report has been requested or for any other purpose.

Specific procedures and related results are enumerated in Attachment A to this report. In compliance with the Lifeline Biennial Audit Plan, this report does not contain any personally identifiable information or individually identifiable customer proprietary network information.[3]

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on Virgin Mobile's compliance with the Rules. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Virgin Mobile, USAC, and the FCC, and is not intended to be and should not be used by anyone other than these specified parties. This report becomes a matter of the public record upon filing of the final report with the FCC. The final report is not confidential.

KPMG LLP

August 10, 2017

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[1] *See Wireline Competition Bureau Announces Release of Final Lifeline Biennial Audit Plan*, WC Docket No. 11-42, Public Notice, DA 14-450 (rel. Apr. 2, 2014) and Attachment A to the *Lifeline Program Biennial Audit Announcement Letter* sent to ETCs dated August 10, 2016.
[2] *See* U.S. Government Accountability Office, *Government Auditing Standards*, GAO 12-331G (rev. Dec. 2011).
[3] *See* 18 U.S.C. § 1028(d)(7) (definition of means of identification) and 47 U.S.C. § 222(h)(1) (definition of customer proprietary network information).

Attachment A enumerates the agreed-upon procedures for Virgin Mobile, the associated results, and any management responses obtained in relation to the exceptions identified.

Objective 1: Carrier Obligation to Offer Lifeline

Procedure 1

KPMG inquired of Virgin Mobile management the week of June 26th, 2017 to verify Virgin Mobile's policies and procedures as they related to the audit period, only offered Lifeline service to qualifying low-income consumers.

KPMG inspected Virgin Mobile's aforementioned policies and procedures, and compared those policies and procedures and verified the completeness of those policies and procedures, as well as management's responses to our inquiries, to the Rules set forth in 47 C.F.R. § 54.405, noting no exceptions.

Procedure 2

KPMG inspected ten examples of Virgin Mobile's marketing materials describing the Lifeline service (i.e., print, audio, video and web materials used to describe or enroll new subscribers in the Lifeline service offering, including standard scripts used when enrolling new subscribers, application and certification forms).

KPMG noted the inspected marketing materials contained the following information, as required by the Rules set forth in 47 C.F.R. § 54.405, noting no exceptions:

i. The service was a Lifeline service, which is a government assistance program;

ii. The service was non-transferable;

iii. Only eligible subscribers may enroll;

iv. Only one Lifeline discount was allowed per household; and

v. Virgin Mobile's name was used to market the service.

Procedure 3

KPMG inquired of Virgin Mobile management the week of June 26th, 2017 to verify Virgin Mobile's policies and procedures as they related to the audit period that subscribers notified Virgin Mobile of the subscriber's intent to cancel service or give notification that s/he was no longer eligible to receive Lifeline service and when de-enrollment for such notification occurred.

KPMG inspected Virgin Mobile's policies and procedures as they related to the audit period, and compared those policies and procedures and verified the completeness of those policies and procedures, as well as management's responses to our inquiries, to the Rules set forth in 47 C.F.R. § 54.410, noting no exceptions.

KPMG called the customer care numbers provided by Virgin Mobile management and numbers included within the marking materials provided during fieldwork. For each of the five telephone numbers dialed, each telephone number was operational, utilized an interactive voice response

("IVR") system, and allowed an individual to reach a live customer care operator. No exceptions were noted.

Procedure 4

KPMG inquired of Virgin Mobile the week of June 26th, 2017 to verify Virgin Mobile's policies and procedures as they related to the audit period and verified the completeness of those policies and procedures for de-enrollment from the program, including when the Eligible Telecommunications Carrier ("ETC") would de-enroll subscribers based on lack of eligibility, duplicative support, non-usage and failure to recertify.

KPMG inspected Virgin Mobile's policies and procedures as they related to the audit period, and compared those policies and procedures, as well as management's responses to our inquiries, to the Rules set forth in 47 C.F.R. § 54.405, noting no exceptions.

Objective 2: Consumer Qualification for Lifeline

Procedure 1

KPMG inquired of Virgin Mobile's management the week of June 26th, 2017 to verify Virgin Mobile's policies and procedures as they related to the audit period, limited Lifeline support to a single subscription per household.

KPMG inspected Virgin Mobile's policies and procedures as they related to the audit period, and compared those policies and procedures and verified the completeness of those policies and procedures, as well as management's responses to our inquiries, to the Rules set forth in 47 C.F.R. § 54.409.

KPMG noted the following regarding Virgin Mobile's policies and procedures, management's responses to our inquiries and the Commission's Lifeline Rules:

- KPMG noted that during the audit period, processes were in place to verify customer eligibility and ensure that Lifeline support was limited to a single subscription per household through the use of the NLAD. However, during the enrollment process, due to system limitations, certain customers were not identified as required to receive a one-per-household worksheet. KPMG also noted that during the review of monthly FCC Form 497 subscriber data, timing issues caused certain customer addresses to be updated in real-time and were not identified as required to complete the one-per-household worksheet.

Management's Response

With respect to Objective 2, Procedure 1, Management disagrees with this finding.

In the instance where the subscriber was not sent a one-per-household worksheet (item 1), the subscriber was successfully passed all NLAD checks and was successfully enrolled in NLAD. NLAD returned no response that a one-per-household worksheet was required. As such, no one-per-household worksheet was sent.

In the instance where the subscriber moved (item 2), the subscriber's address as of June 30, 2015 was the old address. The subscriber moved and updated the address on July 1, 2015. The monthly file for active Lifeline subscribers was run based on June 30, 2015 as required by the Rules; however, the address table used is a dynamic, real-time table that had the customer's new address effective July 1, 2015. A one-per-household worksheet was mailed to the subscriber on July 1, 2015 in correlation with the address change. The subscriber was subsequently opted out on August 1, 2015 for failure to return the aforementioned one-per-household worksheet.

Procedure 2

KPMG inquired of Virgin Mobile's management on the week of June 26th, 2017 to verify the policies and procedures in place and the completeness and accuracy of those policies and procedures, as they related to the audit period that Virgin Mobile had accurately completed the FCC Form 497 "Lifeline Worksheet".

KPMG inspected Virgin Mobile's policies and procedures as they related to the audit period, and compared those policies and procedures, and verified the completeness of those policies and procedures, as well as management's responses to our inquiries, to the Rules set forth in 47 C.F.R. § 54.409. KPMG noted a Virgin Mobile's business rule was to exclude 2% of the subscribers included in the subscriber listing from the Form 497 prepared for all states. As such, the subscriber count reflected in the FCC Form 497 for all states which Virgin Mobile files for subsidy, was 2% less than the amount eligible for reimbursement.

Management's Response

With respect to Objective 2, Procedure 2, Management concurs with this finding.

As previously noted in prior Lifeline audits and Lifeline PQAs, since September 2014, Virgin Mobile has instituted a voluntary reduction of two percent of its subscriber count in its monthly Form 497 filings. This voluntary reduction, implemented after discussion with the FCC and USAC, is intended to protect the integrity of the Universal Service Fund and ensure that Virgin Mobile does not over collect as the result of any unintentional administrative oversight including during the implementation of NLAD. Because of this voluntary reduction, the number claimed on Form 497 (and resulting subsidy) is 98% of the total population.

Procedure 3

KPMG obtained the subscriber list and Virgin Mobile's FCC Form 497 for each study area in the selected states (New York, Ohio and Texas) as of June 30, 2015. KPMG compared the number of subscribers reported on the Form 497s to the number of subscribers contained on the subscriber list for each study area, noting the following differences for each of the states selected for testing:

- For New York, the number of subscribers reported on the FCC Form 497 for June 2015 was 308,991. The number of subscribers contained on the subscriber list was 315,296.
- For Ohio, the number of subscribers reported on the FCC Form 497 for June 2015 was 82,243. The number of subscribers contained on the subscriber list was 83,921.

- For Texas, the number of subscribers reported on the FCC Form 497 for June 2015 was 126,929. The number of subscribers contained on the subscriber list was 129,519.

KPMG noted these differences are due to the exclusion of 2% of subscribers eligible for subsidy due to a Virgin Mobile business rule discussed in Procedure 2 above.

Management's Response

With respect to Objective 2, Procedure 3, Management concurs with this finding.

As previously noted in Objective 2, Procedure 2 above, as well as in prior Lifeline audits and Lifeline PQAs, since September 2014, Virgin Mobile has instituted a voluntary reduction of two percent of its subscriber count in its monthly Form 497 filings. This voluntary reduction, implemented after discussion with the FCC and USAC, is intended to protect the integrity of the Universal Service Fund and ensure that Virgin Mobile does not over collect as the result of any unintentional administrative oversight including during the implementation of NLAD. Because of this voluntary reduction, the number claimed on Form 497 (and resulting subsidy) is 98% of the total population.

Had Virgin Mobile filed on 100% of the New York count, Virgin Mobile would have filed on 315,296 subscribers, which matches the number KPMG validated. Had Virgin Mobile filed on 100% of the Ohio count, Virgin Mobile would have filed on 83,921 subscribers, which matches the number KPMG validated. Had Virgin Mobile filed on 100% of the Texas count, Virgin Mobile would have filed on 129,519 subscribers, which matches the number KPMG validated.

Procedure 4

KPMG conducted computer-assisted audit techniques and inspected the subscriber list obtained in Procedure 3 above for duplicate addresses with different subscribers receiving Lifeline support, noting the following:

- 2,614 duplicate sets of addresses were identified with different subscribers enrolled in the Lifeline program.

Procedure 5

KPMG requested copies of the one-per-household certification form for a sample of 41 customers of the duplicate addresses identified in Procedure 4 above. KPMG inspected the certification forms to determine whether the selected subscribers certified to only receiving one Lifeline-supported service in his/her household using the one-per-household worksheet.

KPMG noted the following in the sampling of the 41 subscribers selected for the one-per-household certification testing:

- KPMG noted that for 10 of the 41 subscribers selected were not required to complete the one-per-household form as they were the first to receive the Lifeline Benefit at the service address.

- KPMG identified 31 of the 41 subscribers selected as required to complete the one-per-household worksheet and noted the following:
    - KPMG noted 1 of the 31 subscribers were not provided the one-per-household worksheet to complete and return to Virgin Mobile, as the Company did not identify the subscribers as required to complete the one-per-household worksheet based on its enrollment and certification processes discussed in Objective 2, Procedure #1, above.
    - KPMG noted 1 of the 31 subscribers was not provided the one-per-household worksheet to complete and return to Virgin Mobile, as the customer was incorrectly provided the Lifeline discount, as discussed in Objective 2 Procedure #1, above.
    - KPMG noted for the remaining 29 subscribers selected for testing, no exceptions were noted.

Management's Response

With respect to Objective 2, Procedure 5, please refer to the responses for Objective 2, Procedure 1 noted above.

Objective 3: Subscriber Eligibility Determination and Certification

Procedure 1

KPMG inquired of Virgin Mobile's management the week of June 26th, 2017 to verify Virgin Mobile's policies and procedures as they related to the audit period that only its Lifeline subscribers were eligible to receive Lifeline services.

KPMG inspected Virgin Mobile's policies and procedures as they related to the audit period, and compared those policies and procedures, and verified the completeness of those policies and procedures as well as management's responses to our inquiries, to the Rules set forth in 47 C.F.R. § 54.410.

KPMG noted Virgin Mobile's policies required eligibility verification of each low-income customer prior to providing Lifeline service to that customer. However, KPMG noted that Virgin Mobile did retain copies of subscribers' proof of income or program-based eligibility documentation.

Management's Response

With respect to Objective 3, Procedure 1, Management disagrees with this finding. Due to Company Legal Hold reasons, we are required to retain the noted documentation.

Procedure 2

KPMG inquired of Virgin Mobile's management on the week of June 26th, 2017 to verify Virgin Mobile's policies and procedures as they related to the audit period for training employees and agents in regards to the eligibility of how ETC's subscribers received Lifeline services.

KPMG inspected Virgin Mobile's policies and procedures as they related to the audit period, and compared those policies and procedures, and verified the completeness of those policies and procedures as well as management's responses to our inquiries, to the Rules set forth in 47 C.F.R. § 54.410, noting no exceptions.

KPMG noted all eligibility functions specific to Lifeline were managed by the service representatives employed by Solix, Inc. All employees responsible for evaluating subscriber eligibility were required to complete Lifeline specific training as part of their Solix employee on-boarding process. All training was conducted on-site at Solix's support center which included a Lifeline program application review and state specific training. Depending on the complexity of the state, multiple trainings were required. Any additional training or updated information specific to Lifeline was communicated to the assigned employees and monitored by management.

KPMG noted that Virgin Mobile operated in states which participate in the National Lifeline Accountability Database ("NLAD") as well as NLAD opt-out states. Solix developed and deployed training materials for employees to use and interact with the NLAD. Solix required all employees responsible for verifying eligibility in states that participated in the NLAD to complete the training. The employee's compliance was monitored by the employee's supervisor and Solix management. Additionally, KPMG noted that access to the NLAD was limited to employees who were responsible for verifying eligibility of subscribers in states which participate in the NLAD. Solix incorporated the use of the NLAD when completing the verification process for applicants to the Lifeline program.

For the employees responsible for verifying subscriber eligibility in the NLAD opt-out states, KPMG noted Solix developed training and reference material for its employees to use and interact with state administrators and/or databases. Virgin Mobile limited access to any state databases to the individuals who are responsible for verifying eligibility of subscribers with state administrators and/or databases.

Procedure 3

KPMG obtained the subscriber list for each study area in the selected states (New York, Ohio and Texas) as of June 30, 2015. KPMG randomly selected 100 subscribers from the subscriber list that were enrolled in the Lifeline program.

KPMG inspected the subscriber's certification and recertification forms (where applicable) and compared the subscriber eligibility criteria on the certification and recertification forms to the federal eligibility criteria set forth in the Rules, noting no exceptions. KPMG verified the subscribers completed all required elements as required by the Rules and initialed or signed where applicable, noting no exceptions. KPMG inspected the forms to validate the initial certification form was dated prior to or on the same day as the Lifeline start date per the subscriber list, noting no exceptions. KPMG reviewed the list of data sources or documentation Virgin Mobile reviewed to confirm the subscriber's eligibility to verify the data sources were eligible per the Rules set forth in 47 C.F.R. § 54.410, noting no exceptions.

KPMG verified that Virgin Mobile's forms required subscribers to certify to residing on Tribal lands when applicable however the sample of subscribers tested did not contain Tribal residents and as such, the procedure related to certification to residing on Tribal lands could not be validated.

<u>Objective 4: Annual Certification and Recordkeeping by ETCs</u>

Procedure 1

KPMG inquired of Virgin Mobile's management the week of June 26th, 2017 to verify that Virgin Mobile's policies and procedures as they related to the audit period, required the carrier submit the annual certifications required under the Rules set forth in 47 C.F.R. §§ 54.416 and 54.422.

KPMG inspected Virgin Mobile's policies and procedures, and compared those policies and procedures, and verified the completeness of those policies and procedures as well as management's responses to our inquiries, to the Rules set forth in 47 C.F.R. §§ 54.416 and 54.422, noting no exceptions.

Procedure 2

KPMG requested Virgin Mobile's FCC Form 555s "Annual Lifeline Eligible Telecommunications Carrier Certification Form" that were filed in January 2016 for the study areas within the selected states of New York, Ohio and Texas, which represented the subscribers recertified during the calendar year 2015.

KPMG inspected the FCC Form 555s filed for the study areas in the selected states (New York, Ohio and Texas) and reviewed the completeness of the information provided in the certifications completed by an officer of Virgin Mobile, noting no exceptions.

KPMG noted an officer of Virgin Mobile made all certifications on the FCC Form 555s as required by the Rules. KPMG noted in instances where Virgin Mobile confirmed consumer eligibility by relying on income or eligibility databases, Virgin Mobile attested as to what specific data source was used to confirm eligibility.

Procedure 3

KPMG requested Virgin Mobile's organizational chart in order to verify that the certifying officer on the FCC Form 555s was an officer of Virgin Mobile per the organizational chart. KPMG noted the certifying officer on the FCC Form 555s for the study areas within the selected states (New York, Ohio and Texas) was an officer of Virgin Mobile per the organizational chart.

Procedure 4

KPMG obtained the FCC Form 555s filed in January 2016 for the selected states (New York, Ohio and Texas) and the respective Form 497s filed in February 2015.KPMG verified the subscriber count per each FCC Form 555 agreed with the total subscriber count per the respective Form 497 for the selected states of New York, Ohio and Texas, noting no exceptions.

Procedure 5

KPMG requested the recertification records for the states of New York, Ohio and Texas to verify the recertification results agreed to the data reported on the FCC Form 555s, in response to Item 9 of Appendix A (subscriber list of subscribers reported on the February FCC Form 555 for January 1, 2015 through December 31, 2015 for New York, Ohio and Texas). KPMG reviewed the recertification results of the individual subscribers reported on the FCC Form 555s filed in January 2016 for the selected states (New York, Ohio and Texas). KPMG verified that the data reported on the FCC Form 555 for each of the selected states agreed with the detailed recertification results, noting no exceptions.

Procedure 6

KPMG requested the non-usage results for the month of June 2015 for the selected states (New York, Ohio and Texas) reported on the FCC Form 555 filed in January 2016.KPMG reviewed the non-usage results for the month of June 2015 for the selected states (New York, Ohio and Texas) and the completeness of the information reported on the FCC Form 555 filed in January 2016, noting no exceptions.

Procedure 7

KPMG obtained Virgin Mobile's FCC Form 481s "Carrier Annual Reporting Data Collection Form" filed in July 2015 for the selected states (New York, Ohio and Texas) to verify the ETC reported all the information and made all the certifications required by 47 C.F.R. § 54.422(a) and (b).

KPMG reviewed Virgin Mobile's FCC Form 481 for completeness of information and certifications as required by 47 C.F.R. § 54.422(a) and (b) in its Form 481s, noting no exceptions.

Procedure 8

KPMG requested copies of the supporting schedules from Virgin Mobile related to the annual ETC certifications for the selected states (New York, Ohio and Texas).KPMG reviewed the supporting schedules related to the selected states' annual ETC certifications and verified that the data reported on the certifications agreed with the supporting schedules, noting no exceptions.

Procedure 9

KPMG inquired of Virgin Mobile's management on the week of June 26th, 2017 to verify Virgin Mobile's policies and procedures for maintaining records documented compliance with the Rules set forth in 47 C.F.R. § 54.417.

KPMG inspected Virgin Mobile's policies and procedures, and compared those policies and procedures, as well as management's responses to our inquiries, to the Rules set forth in 47 C.F.R. § 54.417, and verified that Virgin Mobile maintained records that documented compliance with the Rules for the required time periods, noting no exceptions.

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August 10, 2017

KPMG LLP
1000 Walnut Street Suite 1100
Kansas City, MO 64106

Virgin Mobile USA, LP (d/b/a Assurance Wireless) (hereinafter referred to as "the Company" or "Virgin Mobile") is providing this letter in connection with your engagement to apply agreed-upon procedures to assist the Federal Communications Commission's (FCC) Wireline Competition Bureau (Bureau) in evaluating Virgin Mobile's compliance with the government benefit program: Lifeline (DA 14-1368, September 19, 2014, WC Docket No. 11-42). The statements in this letter are specific to the period under review, namely calendar year 2015.

In connection with your agreed-upon procedures engagement, the Company confirms, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purposes of appropriately informing ourselves, the following representations made to you during your engagement:

a. The Company has made available all records in its control, as a participant in the USF Lifeline Program, necessary to successfully execute the Lifeline agreed-upon procedures engagement.

b. The Company is responsible for complying, and has complied, except as noted in your report, with requirements relating to 47 C.F.R. Part 54, Subparts B, C and E, of the FCC Rules governing the administration of the USF Lifeline Program.

c. Pursuant to the FCC's Lifeline Rules, the Company has only received reimbursement for each qualifying low-income consumer served, and the reimbursement amount equals the federal support amount, including amounts described in 47 C.F.R. §§ 54.403(a) and (c).

d. The Company has no knowledge of any fraud or suspected fraud by management or employees related to the administration of the Lifeline Program.

e. The Company has responded fully to all inquiries submitted by you in the agreed-upon procedures attestation engagement.

f. We have made available to you:

   a. All records, documentation, and information that are relevant to the USF Lifeline Program.
   b. Additional information that you have requested from us for the purpose of the agreed-upon procedures.

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c. Unrestricted access and the full cooperation of personnel within the Company from whom you determined it necessary to obtain information.

g. The Company has reviewed the draft Agreed-Upon Procedures Report findings, and concurs that all non-compliance identified therein are included in the report.

h. The Company has no knowledge of any events subsequent to the period of the subject matter being reported on that would have a material effect on the Company's Lifeline program, or more specifically, the report provided by KPMG, LLP, except as has been disclosed.

i. There have been no notices of action from state or federal regulatory agencies, including the FCC or state public utilities commissions that would affect compliance related to the Company's Lifeline program, or, more specifically, the report observations provided by KPMG.

j. In accordance with *Government Auditing Standards*, we have identified to you all previous audits, attestation engagements, and other studies that relate to the objectives of this agreed-upon procedures engagement, including whether related recommendations have been implemented.

k. We are responsible for the completeness and accuracy of the information supplied to you.

l. We have reviewed a draft of your report dated August 10, 2017, and we are not aware of any significant errors contained in the reports, and the procedures referred to in the draft report are those we requested as outlined by the FCC.

m. The FCC is responsible for selecting the procedures to satisfy statutory requirements and for determining that such procedures are appropriate for their purposes. We are responsible for communicating those procedures to you. We take responsibility for the sufficiency (nature, timing and extent) of the agreed-upon procedures for our purposes to meet the statutory requirements of the FCC.

n. Your procedures were limited to those which were determined would meet the statutory requirements and may not necessarily disclose all significant errors, irregularities, including fraud or defalcation, or illegal acts, that may exist.

o. We have advised you of all known actions taken at meetings of stockholders, board of directors, and committees of the board of directors that may affect the subject matter.

p. We have responded fully to all inquiries made to us by you during your engagement.

q. We have communicated to you all known matters contradicting the subject matter or the information provided.

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r. We understand no procedures have been performed since the date of your report and you have no responsibility to update your procedures. There have been no events subsequent to December 31, 2015 through the date of this letter which would have impacted the information provided for the period covered by the agreed-upon procedures, the year ended December 31, 2015.

s. There have been no communications from regulatory agencies that would affect the subject matter.

Dated August 10, 2017

Jay Franklin

Director of Revenue and Direct Cost Accounting

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August 10, 2017

KPMG LLP
1000 Walnut Street Suite 1100
Kansas City, MO 64106

Report of Management on Compliance with Applicable Requirements of 47 C.F.R. Part 54 of the Federal Communications Commission's Rules, Regulations and Related Orders

Management of Virgin Mobile USA, LP (d/b/a Assurance Wireless) (hereinafter referred to as "the Company" or "Virgin Mobile") is responsible for ensuring that the carrier is in compliance with applicable requirements of the Federal Communications Commission ("FCC" or "Commission") Rules governing the Universal Service Fund ("USF") Lifeline Program at 47 C.F.R. §§ 54.101, 54.201, and 54.400-54.422 as well as related FCC Orders.

Management has performed an evaluation of the Company's compliance with the applicable requirements of FCC rules at 47 C.F.R. §§ 54.101, 54.201, and 54.400-54.422, and related FCC Orders with respect to providing discounts to eligible low income consumers and seeking reimbursement from the USF during the period January 1, 2015 through December 31, 2015 ("the period").

Virgin Mobile makes the following assertions with respect to the provision of Lifeline service during the period:

A. Carrier Obligation to Offer Lifeline – Virgin Mobile asserts that :

1. The Company is an eligible telecommunications carrier ("ETC") (47 C.F.R. § 54.201(a); *Definition of eligible telecommunications carriers, generally,* which discusses carrier eligibility) and provides the services required for eligibility (47 C.F.R. §§ 54.101(a): *Services designated for support*, and (b): *Requirement to offer all designated services*; which describe the services that an eligible carrier must offer to receive federal universal service support).

2. The Company makes available Lifeline service, as defined in 47 C.F.R. § 54.401, to qualifying low-income consumers (47 C.F.R. § 54.405(a): *Carrier obligation to offer lifeline,* which discusses carriers' obligations to offer, publicize, notify and allow lifeline services).

3. The Company publicizes the availability of Lifeline service in a manner reasonably designed to reach those likely to qualify for the service. (47 C.F.R. § 54.405(b): *Carrier obligation to offer lifeline and* 47 C.F.R. § 54.201(d)(2): *Definition of eligible telecommunications carriers, generally,* which requires the advertising of the availability of services).

4. The Company indicates on all materials describing the service, using easily understood language, that it is a Lifeline service, that Lifeline is a government assistance program, the service is non-transferable, only eligible consumers may enroll in the program, and the program is limited to one discount per household. For the purposes of this section, the term "materials describing the service" includes all print, audio, video, and web materials used to describe or enroll in the Lifeline service offering, including application and certification

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forms. (47 C.F.R. § 54.405(c): *Carrier obligation to offer lifeline.*).

5. The Company discloses the name of the ETC on all materials describing the service. (47 C.F.R. § 54.405(d): *Carrier obligation to offer lifeline.*).

B. Consumer Qualification for Lifeline – Virgin Mobile asserts that:

1. The Company maintains policies and procedures that are effectively implemented to review and certify consumer eligibility for Lifeline. (47 C.F.R. § 54.409: *Consumer Qualification for Lifeline*, which discusses the certification and verification requirements) This includes:

    a. That an officer of the Company asserts that the Company has implemented policies and procedures for ensuring that their Lifeline subscribers are eligible to receive Lifeline services. (47 C.F.R. § 54.410: *Subscriber eligibility determination and certification*, which also requires compliance with state certification procedures to document consumer eligibility).

C. Submission of Lifeline Worksheet (Form FCC 497) –Virgin Mobile asserts that:

1. The Company submitted properly completed FCC Forms 497 for each month, representing discounts actually provided to subscribers, and has the required supporting documentation for the number of subscribers, rates and other information provided on the Form (47 C.F.R. § 54.407: *Reimbursement for offering Lifeline*, which discusses carrier reimbursement for providing Low Income Program support and requires the carrier to keep accurate records in the form directed by USAC and provide the records to USAC).

D. General Recordkeeping and Annual Certification Requirements – Virgin Mobile asserts that:

1. The Company maintains records to document compliance with all Commission and state requirements governing the Lifeline and Tribal Link Up program for the three full preceding calendar years and can provide that documentation to the Commission or Administrator upon request. Virgin Mobile also maintains the documentation required in § 54.410(d) and (f) for as long as a subscriber receives Lifeline service from Virgin Mobile. (47 C.F.R. § 54.417(a)).

2. The Company complied with the annual certification requirements applicable to ETCs. (47 C.F.R. §§ 54.416, 54.522).

Dated August 10, 2017

Jay Franklin

Director of Revenue and Direct Cost Accounting